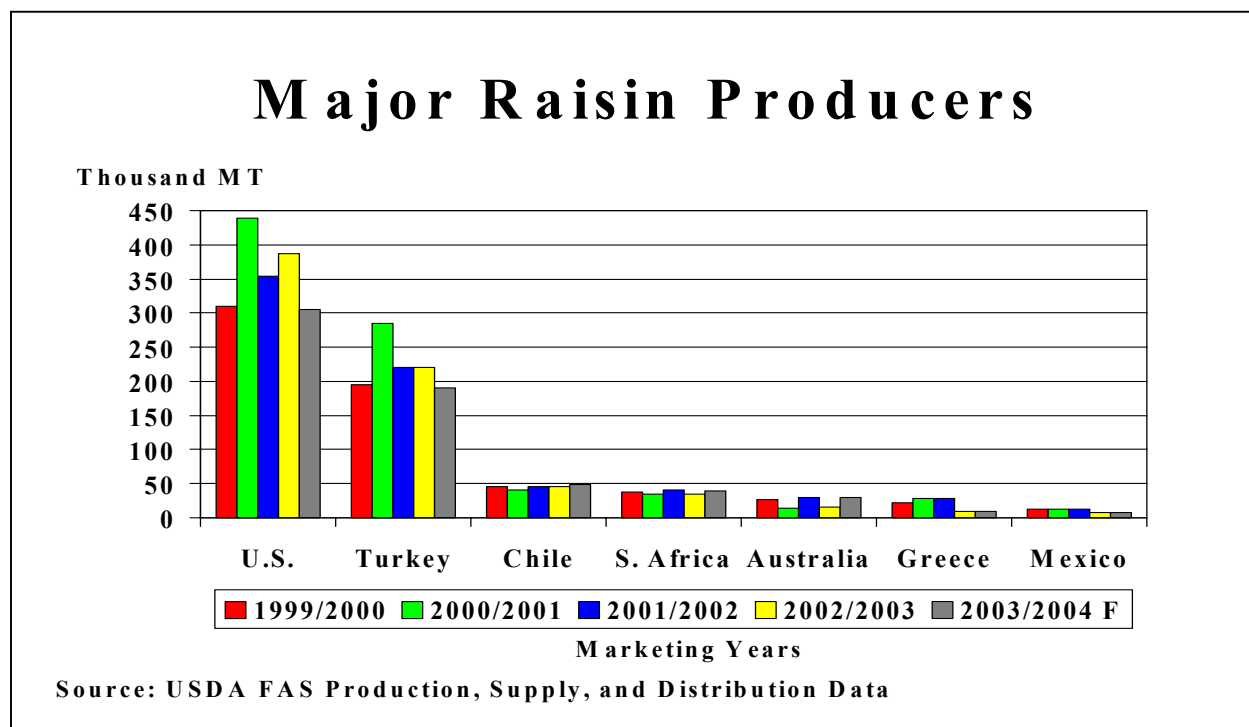


Raisin Situation and Outlook in Selected Countries

For marketing year (MY) 2003/04, the raisin production forecast for selected northern hemisphere countries has been revised downward to 584,245 metric tons. This is a 6-percent decrease from the 623,419 tons estimated for the previous year. Supplies in Greece and Turkey are not expected to return to normal levels in MY 2003/04, as previously anticipated, due primarily to poor weather conditions in both countries. Production in Mexico is expected to increase by 10 percent, while the United States is projected to decrease production by more than 20 percent from last year's level. In the southern hemisphere, production for 2003/04 is forecast at 118,700 tons, an increase of 22 percent from the 2002/03 level. While poor weather conditions during harvest decreased 2002/03 production in Australia, output is expected to reach 30,000 tons in 2003/04 due to favorable weather conditions. Chile and South Africa are expected to have slightly higher production for their 2003/04 raisin crops than was seen in 2002/03.

Global Production and Trade

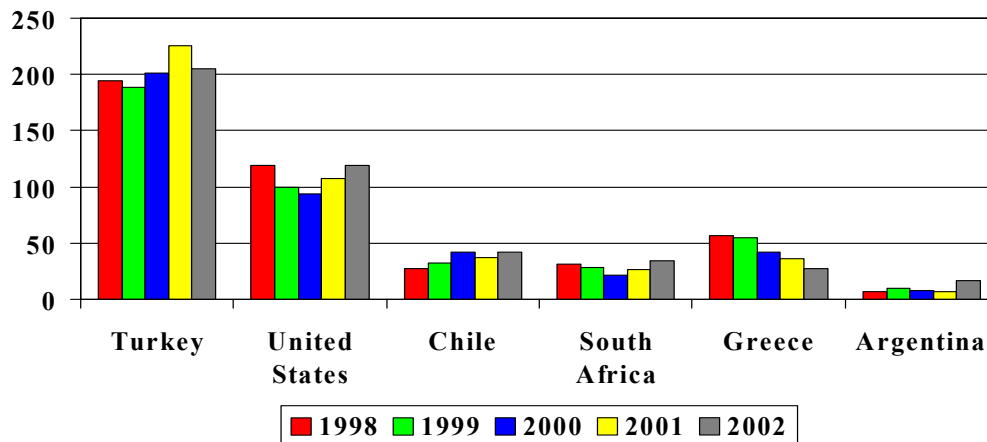
Turkey and the United States are the world's largest raisin producers. Combined, these two countries account for more than 95 percent of production among the major northern hemisphere producing countries, and generally, about 80 percent of global production.



The top five raisin exporting countries in calendar year (CY) 2002 were Turkey at 205,209 tons, the United States at 118,765 tons, Chile at 41,525 tons, Greece at 27,636 tons, and South Africa at 33,693 tons.

Major Raisin Exporters

Thousand MT



Source: Global Trade Atlas

Calendar Years

Greece

The 2002/03 (marketing year September 2002-August 2003) output is estimated at 10,000 tons, a drop of almost 67 percent from the previous year. Disastrous rainstorms hit both the island of Crete and the area of Peloponnese, the two main raisin-producing areas, and led to the dramatic decrease. As a result, most of the production was of inferior quality. Sultana Cooperatives in the major producing areas are reporting that production will be the same for the 2003/04 crop due to continued adverse effects of last year's flooding. The production forecast for 2003/04 is set at 10,000 tons, with 8,000 from the island of Crete and 2,000 from Peloponnese. Under normal conditions, Greek raisin production reaches 25-30,000 tons. However, this year's crop is of excellent quality, mostly grade No. 2 with smaller amounts of No. 1 and No. 4. As a result of the stymied production, farmers are requesting compensation through ELGA, a Greek agricultural insurance fund, for a second year in a row. Payments for the 2002 crop took place in early 2003 after field evaluations were carried out. No field evaluations have yet taken place for the 2003/04 crop.

Although Greece has typically been the third largest exporter of raisins behind Turkey and the United States, it dropped to become the fifth largest exporter in CY 2002. In 2002, Greece's raisin exports totaled 27,636 tons. Between January and June 2003, total Greek exports of raisins dropped by 27 percent from the same period a year earlier, and 46 percent from the same period two years earlier. Increased competition in European markets from Turkish and Chilean raisin exports, as well as two years of disastrous crops, have led to the decline.

Despite the production shortfall in 2002, raisin imports were minimal. Although Greek imports in CY 2002 declined by 78 percent to reach 489 tons, January to June 2003 imports increased by

more than 730 percent since the same period in 2002. Imports increased by more than 87 percent from January to June 2001. These increases in imports have come mainly from Turkey and Iran while Australia, Chile and South Africa have also contributed.

Mexico

Mexican raisin production for 2002/03 (marketing year August 2002 to July 2003) dropped to 7,140 tons from the 2001/02 level of 13,106 tons, a decrease of almost 46 percent. Many growers were forced out of business during the past year due to lower-priced Chilean imports combined with scarce water supplies in the Caborca region, Mexico's predominant raisin producing area. In addition, a lack of available credit exacerbated problems for producers. The community landowners, known as "ejidatarios," have been the most severely affected by the poor economic situation. Production for 2003/04, however, is forecast to increase by close to 10 percent, returning to more normal levels at 7,820 tons. Overall, yields are expected to increase due to a shift away from the less efficient production in the "ejido" sector to increases in area planted by more efficient private producers.

Mexico typically sends about 90 percent of its exported volume of raisins to the United States, with most of the remainder headed to other Latin American countries. Exports in CY 2002 were 3,529 tons, a 27-percent decrease from the 2001 level. January to November 2003 import data from the United States show that Mexican raisin shipments decreased by 4 percent from the same period in 2002, totaling 2,647 tons. Lower international demand is credited for Mexico's decreased exports. Due to expectations of continued low prices and lower volumes available for export, 2003/04 exports are forecast to be very similar to those of 2002/03 at about 3,500 tons. Raisin imports for 2003/04 are also forecast to be lower than 2002/03 levels due to expectations that the peso will continue to be weak.

The main raisin-producing areas in Mexico are the northwestern states of Sonora and Baja California. Sonora produces about 98 percent of total output, while Baja California accounts for about 2 percent of the total. Many producers in the state of Sonora are increasing their use of more efficient irrigation systems to combat the problem of water security, which is a major expense in raisin production. Water typically accounts for approximately 19 percent of the total cost of production in Mexico.

Raisin processors in Mexico typically prefer to sell their higher-quality product to the export market, and import supplies of lower-quality U.S. and Chilean raisins for the domestic market. Typically, almost 70 percent of Mexico's imported raisins are Chilean origin, while the remainder is from the United States. Chilean market share climbed even higher from CY 2000 to 2002, reaching over 80 percent of imports. However, January to October 2003 import data show a return to more normal levels, with Chile's market share dropping to below 60 percent and the U.S. share rising to slightly more than 40 percent of imports.

Turkey

For 2003/04 (marketing year September 2003-August 2004), Turkey's raisin production forecast has been revised to decrease by 14 percent from the previous year, reaching a total of 190,000 tons. Although several factors contribute to the lower production forecast, primarily plant disease and poor weather conditions are to blame. Quality of the crop, however, is expected to be very good due to ideal weather conditions during the harvesting and drying period. About 75 percent of the crop is estimated to be standard No. 9, or better, with about 25 percent of the crop standard No. 8. TARIS (the Union for Agricultural Sales Cooperatives) has announced its MY 2003 raisin procurement prices as about U.S. \$1.00 per kilogram for standard No. 9 raisins, which is greater than last year's U.S. \$0.75 per kilo. Typically, TARIS procures around 20 to 40 percent of Turkey's raisin crop. However, TARIS has not purchased any raisins below standard No. 8 since MY 2000.

Turkey is the top raisin exporter in the world, with CY 2002 exports of more than 205,000 tons. Between 2000 and 2002, its total exports averaged nearly 211,000 tons. However, the export forecast for 2003/04 has been revised downward to 180,000 tons, mainly due to expectations of decreased production. The January to September 2003 exports tallied 127,004 tons, which represents a decrease of more than 4 percent from the same period a year earlier.

In 2003, the government announced a 55.5-percent import duty (lowered from 56.1 percent) on raisins from all origins. This high tariff, combined with high levels of production, limit raisin export opportunities to Turkey. Raisin imports in CY 2002 totaled 1,237 tons. Greece is typically the largest supplier, accounting for around 30 percent of all imports. However, the United States was the top supplier in CY 2001, providing 67 percent of imports that year. Imports from the United States have since fallen to zero.

United States

The United States is the largest raisin producer in the world. The 2003/04 (marketing year August 2003-July 2004) production has been estimated at 305,086 tons, a 21-percent decrease from last year. Recent years have seen very high production levels with a record of 439,531 tons in 2000/01. The large surplus production combined with stagnant domestic demand resulted in large stock inventories. Under authority of the Raisin Administrative Committee (RAC), the entity responsible for administering the Federal Marketing Order for raisins, the raisin industry implemented a raisin diversion program (RDP) to curtail production by trimming and vine removal. In 2002/03, an estimated 43,000 tons was diverted through the RDP. In May 2003, changes were made to the RDP to provide the RAC additional flexibility for implementing the program. In large part, these measures have led to the drop in production for 2003/04.

The United States is the world's second largest exporter of raisins. In CY 2002, U.S. raisin exports totaled 116,767 tons. January to November 2003 exports totaled 105,984 tons, which represents a 2-percent decrease since the same period a year earlier. The United States largest export markets are typically Japan, the United Kingdom, Canada, Germany, and Taiwan. These

six countries usually consume around 60 percent of the total volume of U.S. exports. Japan is the top consumer, generally purchasing more than 20 percent of exports. In September 2003, Sun-Maid International, a major U.S. exporter of California raisins, opened a packaging plant in India with hopes that India will become a major destination for U.S. raisins. Currently, high tariffs have limited export opportunities to India. Although the Government of India announced in January 2004 that the 4-percent “Special Additional Duty” on raisins had been eliminated, the aggregate applied tariff remains over 100 percent. Recent changes in India’s import requirements for raisins also threaten to hinder export growth to a market sought by the U.S. industry.

Total imports of raisins by the United States tallied 5,144 tons in CY 2002. January to November 2003 imports were down 14 percent from the same period a year earlier. Chile, South Africa, Mexico, and Argentina are generally the top four foreign suppliers, providing 97 percent of total raisin imports. However, in 2003, Chile’s sales to the United States increased considerably, which displaced some of Argentina’s share of sales in the market.

The RAC has received a budget ceiling of \$2,490,850 to market California raisins under Market Access Program (MAP) during the 2003/04 MAP marketing year. MAP funding is allocated for China, Hong Kong, Hungary, India, Italy, Japan, Malaysia, Mexico, the Philippines, Singapore, Taiwan, and the United Kingdom. The RAC’s primary objectives in these markets are to increase consumer and trade awareness of the quality of California raisins, and to show the product’s versatility in baking and cooking. Recently, the raisin industry has shown much interest in exporting surplus product under USDA’s food-aid programs. To facilitate this goal, the industry established an export price for food-aid raisins at \$490 per metric ton in December 2003. It is hoped that the low price will enable the industry to supply raisins competitively under USDA’s food-aid programs.

Australia

Australia’s dried grape production estimate for 2002/03 (marketing year March 2003-February 2004) has been revised downward to 16,118 tons. This represents a 46-percent decrease from the 2001/02 level. Production was reduced to almost half its potential due to extreme heat, poorly timed rainfall followed by long periods of humidity. This is the second lowest production level on record, with only 2000/01 smaller. The 2003/04 production forecast has been set at 30,000 tons due to favorable weather leading up to the March 2004 harvest. However, parts of the Sunraysia district, Australia’s largest production region, have suffered from a frost event, which has adversely affected some producers.

Historically, Australia has both imported and exported dried vine fruit. Although exports have typically been greater than imports, import levels have been higher than exports since 1997/98. This has been mainly due to lower than average production and increased competition from wineries for grape supplies during recent years. In CY 2002, Australia exported 7,581 tons of raisins, a growth of 32 percent from the previous year. January to November 2003 exports totaled 7,835 tons, an increase of more than 15 percent from the same period a year earlier. The main markets for Australian raisins are Germany, the United Kingdom, and Canada. Typically, these three countries consume around 65 percent of Australia’s exports. Australia’s raisin

imports in CY 2002 declined by 5 percent to a level of 19,731 tons, while January to November 2003 imports totaled 14,290 tons. This represents a decrease of 22 percent from the same period a year earlier. The top suppliers to Australia are Turkey, Greece, and the United States. The three countries typically supply around 80 percent of raisin imports.

Chile

Chile's raisin production estimate for MY 2002, which began in January 2003, has been revised upward to 46,000 tons, a 2-percent increase over the previous year's crop. Raisin production in Chile is based mainly on lower quality table grapes and those not fit for the export market. As such, increases in the availability of discarded table grapes due to a fall in demand by wineries have led to increased raisin output. In the next few years, it is expected that competition from the wine industry will diminish as recently planted vineyards continue to come into production. This will likely increase the annual availability of grapes for juice concentrate and raisin production.

In CY 2002, Chile was the third largest raisin exporter in the world, exporting over 90 percent of its raisin production. January to November 2003 exports totaled 45,955 tons, a 20-percent increase over the same period during the previous year. Chile's top export markets are the United States, Mexico, Peru, Colombia, Venezuela, and the United Kingdom. Typically these six countries consume about 70 percent of Chile's raisin exports. Although the Latin American market accounts for about half of Chile's raisin exports, the European market is growing significantly due to the signing of the European Union-Chile free trade agreement, and the resulting reduction of the 2.4-percent tariff on raisins to zero. Generally, only the best quality raisins are exported, with the remainder going to the domestic market, which is small and usually consists of the baking, pastry, and ice cream industries.

Chile's raisin imports totaled 190 tons in CY 2002, with 64 percent originating from the United States. Argentina and Iran supplied the remaining 36 percent. January to November 2003 imports totaled only 26 tons, a drop of more than 86 percent since the same period a year earlier. Only 2 tons were imported from the United States during that period.

South Africa

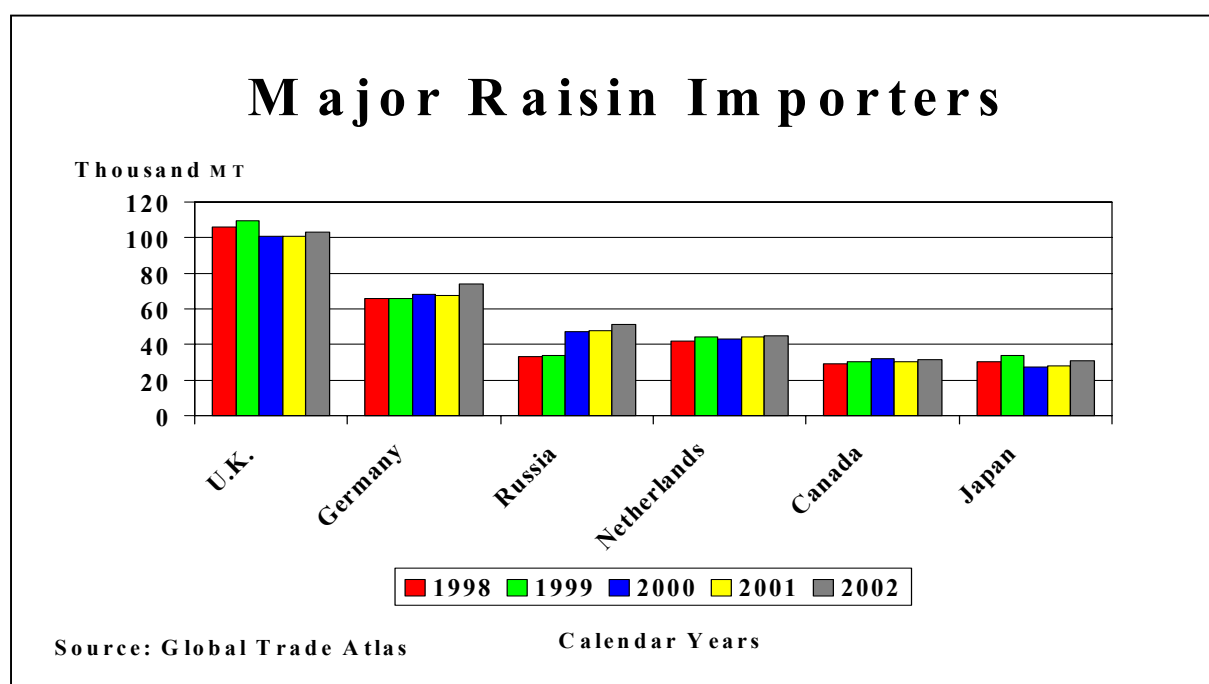
The production estimate for the 2002/03 (marketing year January 2003-December 2003) crop has been revised downward to 34,953 tons due to increased demand from the fresh table grape and wine sectors. As such, more fruit was diverted to those markets and contributed to the reduced production of raisins. Thompson Seedless grape output for that year is estimated down by 65 percent from the previous year while unbleached Sultana production is expected to be up by more than 250 percent. Raisin production for the 2003/04 crop is expected to return to normal levels and has been forecast at 40,000 tons.

In CY 2002, South Africa was the world's fourth largest exporter of raisins. In CY 2002, raisin exports totaled 33,693 tons, an increase of 29 percent from the previous year. January to September 2003 exports totaled 26,343 tons, an increase of 8 percent from the same period a year earlier. South Africa's top export markets are Canada, Germany, the United Kingdom, the

Netherlands, and France. Together, these five countries typically consume more than 65 percent of South Africa's raisin exports. Although raisin exports to the United States climbed to 2,576 tons in CY 2002, representing a growth of 163 percent from CY 2001, January to September 2003 exports to the United States fell by more than 50 percent from the same period a year earlier to 990 tons.

South Africa's raisin exports to the United States are eligible for duty-free entry under the African Growth and Opportunity Act (AGOA). South Africa imports very small quantities of raisins. In CY 2002, imports totaled 117 tons with almost 60 percent originating in Japan and the United Kingdom. January to September 2003 imports totaled 97 tons, an increase of 27 percent over the same period a year earlier. More than 70 percent of the volume originated in Iran and Turkey, with not quite 20 percent from the United States.

Domestic and international sales of raisins have operated under a free-market system in South Africa since 1997 when the Agricultural Product Marketing Act liberalized the market. Regulations controlling grading, packaging, and marking of dried fruit for domestic sale in South Africa, as well as exports, are outlined in the Agricultural Product Standards Act of 1990.



World raisin imports in CY 2002 totaled more than 560,000 tons. World imports from January to May 2003 were up 5 percent from the same period a year earlier. Typically, the top raisin importing countries are the United Kingdom, Germany, Russia, the Netherlands, Canada, and Japan. The United Kingdom generally imports around 100,000 tons; Germany 70,000 tons; Russia and the Netherlands around 40,000 tons; with Canada and Japan around 30,000 tons. These six countries imported 56 percent of the world's raisin trade in CY 2002.

(The FAS Attaché Report search engine contains reports on the leading dried fruit producing countries, including Australia, Chile, and South Africa. For information on production and trade, contact Dwight Wilder at 202-690-2702. For information on marketing contact Kristin Kezar at 202-690-0556.)